

Message Text

LIMITED OFFICIAL USE

PAGE 01 SANTIAGO 01658 050616Z

11

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 INT-05 COME-00 TRSE-00 OMB-01

STR-04 SP-02 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 AID-05 GSA-01 /051 W

----- 006121

R 031707Z MAR 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7474

LIMITED OFFICIAL USE SANTIAGO 1658

E. O. 11652: N/A

TAGS: EINV, EMIN, EALR, CI

SUBJECT: REORGANIZATION OF COPPER INDUSTRY

1. SUMMARY. REORGANIZATION OF THE CHILEAN COPPER SECTOR WILL
IN THEORY ENHANCE CENTRAL CONTROL. END SUMMARY.

2. THE DIARIO OFICIAL (OFFICIAL GAZETTE) OF FEBRUARY 28, 1976
PUBLISHED A LAW (16624) WHICH MODIFIES THE ADMINISTRATION OF
THE CHILEAN COPPER SECTOR. THE LAW CREATES TWO ENTITIES:

3. CORPORACION NACIONAL DEL COBRE DE CHILE (CODELCO-CHILE).
THIS ENTITY WILL BE UNDER THE MINISTRY OF MINING AND WILL MANAGE
ALL STATE-CONTROLLED MINING FIRMS. AT THE SAME TIME CODELCO-
CHILE WILL MARKET ALL COPPER AND RELATED PRODUCTS. IN GENERAL
CODELCO-CHILE WILL HAVE THE AUTHORITY TO ENGAGE IN CHILE OR ABROAD
IN ANY COMMERCIAL OR OTHER TYPE OF ACTIVITY RELATED DIRECTLY
OR INDIRECTLY WITH THE MINING, REFINING AND MANUFACTURING OF
COPPER OR ANY OTHER RELATED PRODUCTS.

4. COMISION CHILENA DEL COBRE. THIS ENTITY WILL BE UNDER THE
MINISTRY OF MINING. ITS FUNCTIONS ARE (A) ADVISE THE GOVERNMENT
ON POLICY MATTERS CONCERNING THE DEVELOPMENT AND EXPLOITATION
OF ORE DEPOSITS. B) OBTAIN AND ORGANIZE INFORMATION TO ASSIST
GOVERNMENT OFFICIALS. C) TO PROMOTE THE MANUFACTURE OF COPPER

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SANTIAGO 01658 050616Z

PRODUCTS. D) TO PROMOTE GEOLOGICAL AND TECHNOLOGICAL STUDIES.

E) TO AUTHORIZE COPPER EXPORTS AS WELL AS TO CONTROL THE FOREIGN EXCHANGE RECEIVED FROM COPPER EXPORTS. (THE LATTER FUNCTION WAS FORMERLY IN THE HANDS OF THE CENTRAL BANK.)

5. COMMENT. THIS REORGANIZATION RESOLVES TWO ISSUES LONG UNDER DISCUSSION WITHIN THE GOC. THE FIRST, CONCERNING WHICH THERE SEEMS TO HAVE BEEN LITTLE DISPUTE, HAS BEEN THE SEPARATION OF PRODUCTION AND SALES FROM POLICY PLANNING. THIS SEPARATION WILL NOT BE A COMPLETE ONE, HOWEVER, SINCE THE PRESIDENT OF CODELCO-CHILE, GENERAL ORLANDO URBINA, REPORTEDLY WILL RETAIN HIS OWN PLANNING STAFF. MOREOVER, CIMM, THE COPPER RESEARCH ENTITY UNDER ALEXANDER SUTULOV, WILL APPARENTLY REMAIN A PART OF CODELCO-CHILE WITH LINES OF COMMUNICATION BOTH TO URBINA AND TO ITS OPERATING DIVISION.

6. THE SECOND ISSUE, WHETHER CODELCO SHOULD BE CENTRALIZED, AS ORIGINALLY PROPOSED BY FORMER VICE PRESIDENT FERNANDO LENIZ, OR REMAIN DECENTRALIZED, WITH THE OLD COMPANIES RETAINING THEIR INDIVIDUAL IDENTITY, HAS APPARENTLY BEEN COMPROMISED. SALES HAVE BEEN SEPARATED FROM PRODUCTION, AND CENTRALIZED. ON THE PRODUCTION SIDE, FOUR PRINCIPAL MINES, CHUQUICAMATA (NOW MERGED ADMINISTRATIVELY WITH NEIGHBORING EXOTICA), EL SALVADOR, ANDINA AND EL TENIENTE, WILL OPERATE UNDER DIRECTION OF EXECUTIVE VP ANDRES ZAUSCHQUEVICH. ALTHOUGH FORMALLY DISSOLVED AS COMPANIES UNDER THE NEW LAW, INDIVIDUAL MINES WILL REPORTEDLY RETAIN QUITE SOME DEGREE OF IDENTITY AND MANAGEMENT INDEPENDENCE AS SEPARATE OPERATING DIVISIONS OF CODELCO- CHILE.

7. WHAT DIFFERENCE THESE CHANGES WILL MAKE IS UNCLEAR. ONE CODELCO-CHILE OFFICIAL SAW NO REAL DIFFERENCE, NOTING THAT THE SAME PLAYERS WILL BE PLAYING THE SAME GAME. WHERE THEY SIT AT THE CARD TABLE WILL BE LESS IMPORTANT THAN HOW WELL THEY PLAY. WE, HOWEVER, NOTE ONE POSSIBLE DIFFERENCE ALREADY, WHICH IS FINANCIAL CONTROL THROUGH CHECK- AND BALANCES. CODELCO WILL RUN ITS OWN PROCUREMENT AND SALES, WHILE THE COPPER COMMISSION WILL ACT AS ITS FINANCIAL CONTROLLER. WE WILL BE WATCHING WITH SOME INTEREST TO SEE HOW THIS ALL WORKS OUT.
POPPER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, LAW, MINING INDUSTRY, REORGANIZATIONS, GOVERNMENT AGENCIES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANTIA01658
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760084-0055
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760399/aaaadjit.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2004 by coburnhl>; APPROVED <26 OCT 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REORGANIZATION OF COPPER INDUSTRY
TAGS: EINV, EMIN, EALR, CI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006